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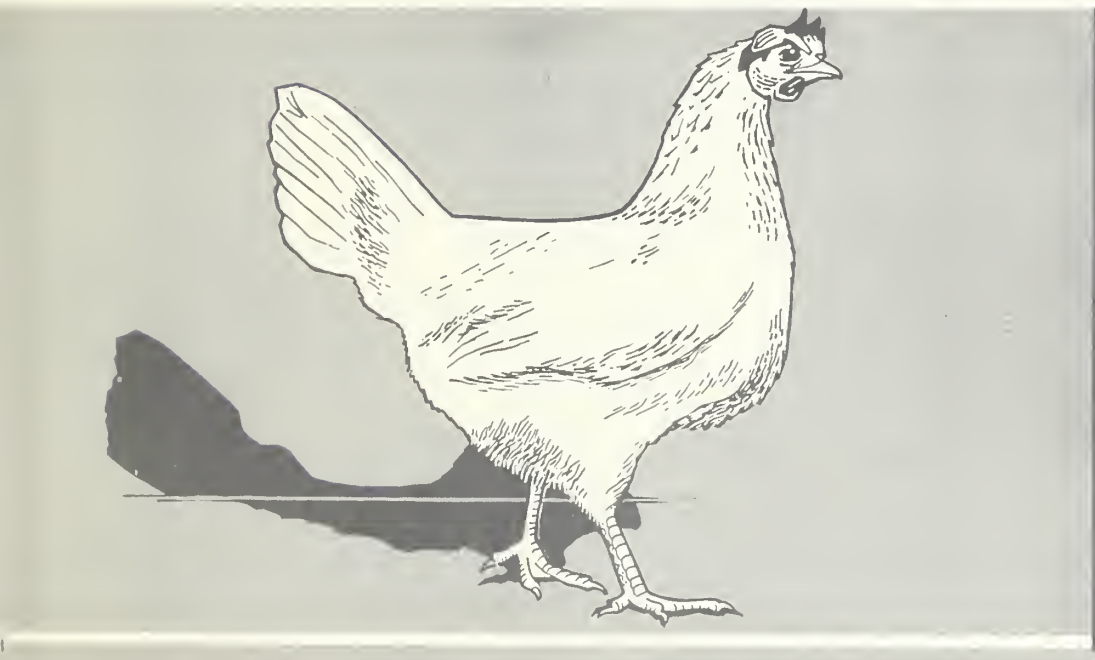
COSTS and RETURNS



Commercial Egg-Producing Farms

New Jersey

1961

This report is part of a continuing nationwide study of costs and returns on farms and ranches by type and size in some of the important farming regions of the United States, conducted under the general supervision of Wylie D. Goodsell, Farm Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

Publications in this series are:

Costs and Returns, Commercial Dairy Farms, Northeast and Midwest, 1961
Costs and Returns, Commercial Corn Belt Farms, 1961
Costs and Returns, Commercial Egg-Producing Farms, New Jersey, 1961
Costs and Returns, Commercial Cotton Farms, 1961
Costs and Returns, Commercial Tobacco Farms, Coastal Plain, North Carolina, 1961
Costs and Returns, Commercial Tobacco-Livestock Farms, Bluegrass Area, Kentucky, 1961
Costs and Returns, Commercial Wheat Farms, Plains and Pacific Northwest, 1961
Costs and Returns, Western Livestock Ranches, 1961

Summary statistics for all types of farms in the series are presented in the annual report, Farm Costs and Returns, Commercial Farms, by Type, Size, and Location, Agriculture Information Bulletin No. 230, Revised, 1962. In this annual report, information is given for 1961 with comparisons with 1960 and 1959, and with the period 1957-59.

COSTS AND RETURNS, COMMERCIAL EGG-PRODUCING FARMS, NEW JERSEY, 1961

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Net farm income in 1961 on commercial egg-producing farms in New Jersey averaged about $4,673 per farm. This was $485 below the average for 1960, but except for 1960 it was the highest since 1953 (table 1 and fig. 1).

The chief factors contributing to the relatively favorable net farm income on these farms in 1961 were an 8-percent increase in egg production and a 2-percent decrease in prices paid for feed. A slight increase in rate of lay, coupled with an increase in flock size of about 320 layers, stepped up egg production by more than 5,500 dozen eggs per farm. Prices received for eggs in 1961 were down to about 36.6 cents per dozen compared with 39.0 cents in 1960, but because of the greater quantity sold, gross receipts were between 1 and 2 percent higher in 1961.

In 1961, operators of these farms retained about 40 percent of their last year's pullets. This was a larger percentage than in previous years. The common practice has been to keep about one-third of the best pullets, but after a rather difficult year in 1959, many poultry farmers were unable to finance normal replacements and were forced to keep more layers than usual for a second year's production. Also, during the first quarter of 1961 the price received for eggs on these farms was about 9 cents a dozen higher than in the comparable period of 1960. This was a further inducement for farmers to cull less than they did a year earlier.

Layers in a second year of production lay about 20 percent fewer eggs and have a higher mortality than pullets. Their eggs are generally of a poorer quality than in the first year of production. However, the poultry farmer has some advantages in using layers for a second year's production. These older birds lay larger eggs than pullets. Also, despite little or no production during the molting period, they provide the farmer with layers the second year at a cost of about 60 cents for feed and about 50 cents that the layer would have brought if it had been sold as a cull. The cost of raising a pullet to about 6 months of age, or to about 50-percent production, has run about $2.00 a bird in recent years.

Table 1.- Commercial egg-producing farms, New Jersey: Organization, production, costs and returns, 1960 and 1961

Item	1960 1/	1961 2/
	Number	Number
Laying hens on hand, Jan. 1	4,910	5,010
Chickens raised	2,771	2,658
Average number of layers on hand during year	4,193	4,514
Rate of lay, eggs per layer on hand during year	193	194
Total labor used	5,130	5,250
Operator and family	4,330	4,350
Hired	800	900
	Dollars	Dollars
Total farm capital, Jan. 1	43,140	44,740
Land and buildings	34,040	34,730
Machinery and equipment	1,980	1,990
Livestock	7,120	8,020
Total cash receipts	27,142	27,400
Eggs	26,261	26,673
Cull layers	881	727
Total cash expenditures	23,729	24,447
Feed purchased	17,661	18,323
Baby chicks	1,253	1,141
Brooder fuel	166	154
Other poultry expense	504	542
Machinery	984	993
Farm buildings	1,507	1,497
Labor hired	750	844
Taxes	503	539
Telephone	42	43
Electricity	236	240
Insurance	39	41
Miscellaneous expense	84	90
Net cash farm income	3,413	2,953
Value of perquisites	952	961
Change in inventory:		
Livestock	160	150
Machinery and buildings	633	609
Gross farm income	28,254	28,511
Operating expenses	23,096	23,838
Net farm income	5,158	4,673

1/ Revised. 2/ Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

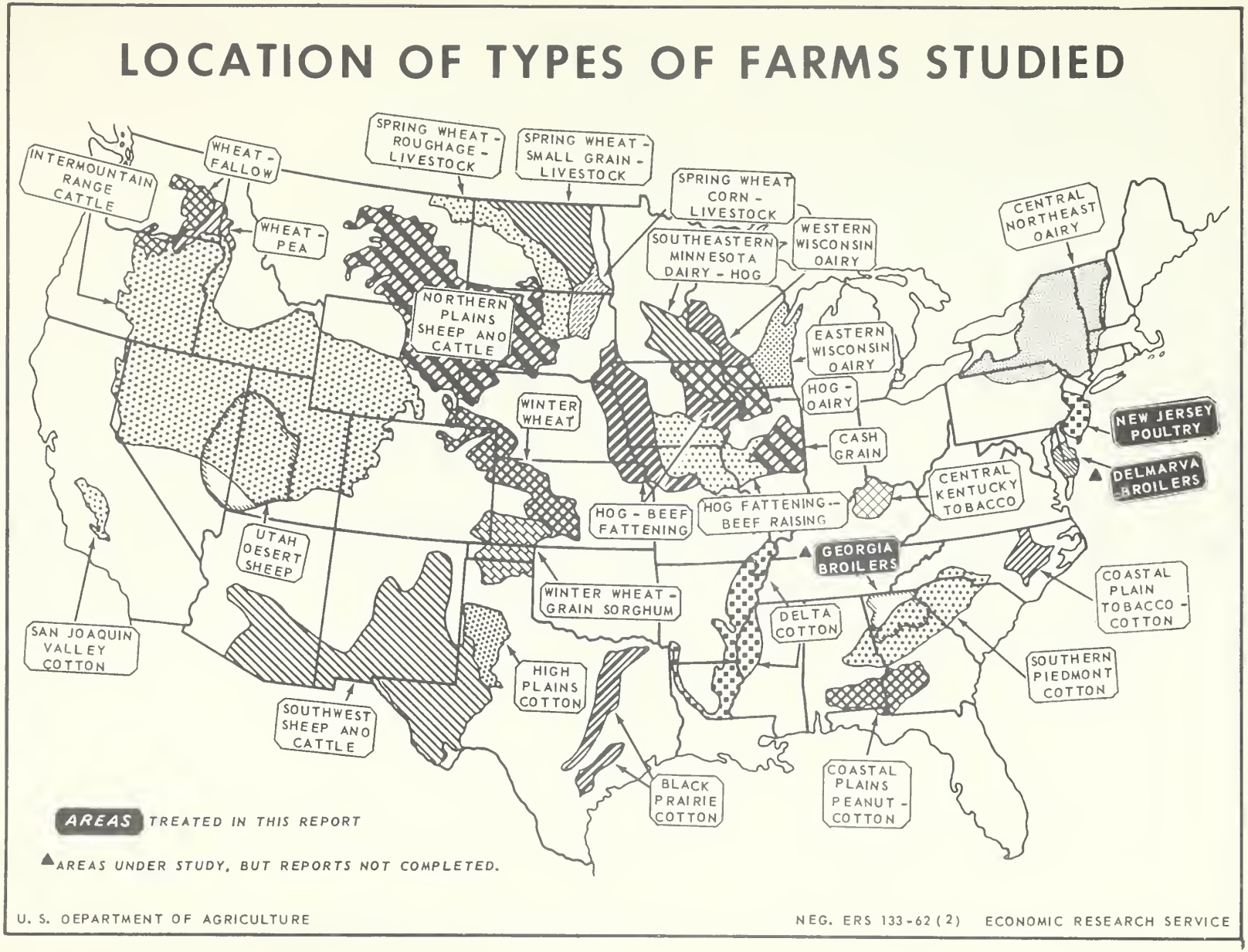
LOCATION OF TYPES OF FARMS STUDIED
INTERMOUNTAIN RANGE CATTLE
WHEAT - FALLOW
WHEAT - PEA
SPRING WHEAT - ROUGHAGE - LIVESTOCK
SPRING WHEAT - SMALL GRAIN - LIVESTOCK
SPRING WHEAT CORN - LIVESTOCK
SOUTHEASTERN MINNESOTA DAIRY - HOG
WESTERN WISCONSIN DAIRY
CENTRAL NORTHEAST DAIRY
NORTHERN PLAINS SHEEP AND CATTLE
EASTERN WISCONSIN DAIRY
HOG - DAIRY
WINTER WHEAT
CASH GRAIN
NEW JERSEY POULTRY
DELMARVA BROILERS
CENTRAL KENTUCKY TOBACCO
HOG - BEEF FATTENING
HOG FATTENING -- BEEF RAISING
UTAH DESERT SHEEP
GEORGIA BROILERS
COASTAL PLAIN TOBACCO - COTTON
WINTER WHEAT - GRAIN SORGHUM
DELTA COTTON
SAN JOAQUIN VALLEY COTTON
HIGH PLAINS COTTON
SOUTHERN PIEDMONT COTTON
SOUTHWEST SHEEP AND CATTLE
BLACK PRAIRIE COTTON
COASTAL PLAINS PEANUT - COTTON
AREAS TREATED IN THIS REPORT
▲AREAS UNDER STUDY, BUT REPORTS NOT COMPLETED.
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Figure 1.

The profitability of a specialized egg operation depends largely on three factors: (1) price of eggs; (2) price of feed; and (3) rate of lay. Receipts from the sale of eggs on New Jersey egg-producing farms constitute nearly all the total cash income. Sale of cull layers (the next most important source of receipts) normally accounts for very little of the total. The aggregate feed bill makes up about three quarters of total cash expenditures. A difference of only one egg per layer, a slight change in the price of eggs, or a small change in the price of feed might mean the difference between a profit or loss on a specialized egg-producing farm (table 2).

In reality, these factors do not all change at the same time and they do not always change in the same direction. For example, receipts per layer were highest in 1958 and expenditures per layer were lowest in 1961, but the best year for net income per hen was in 1960 when receipts per layer exceeded costs by 81 cents (table 3). In 1961, larger average size of flock and increased production per layer almost made up for the decline in egg prices compared with 1960.

Most of the cost of raising a pullet to laying age is feed cost. Also, feed cost is the major expenditure in producing eggs. About 75 percent of total cash expenditures on these farms is for feed. In 1961, prices paid for poultry feed were at a record low. Although the larger flocks in 1961 consumed a greater tonnage of feed than the flocks of a year earlier, total feed expenditures rose less than 4 percent.

Cash expenditures for hired labor, medication, electricity and machinery increased slightly in 1961 compared with 1960, due chiefly to increased flock size.

The cost of removing poultry litter has increased in recent years. Until the midfifties, many vegetable producers in the surrounding area were willing to clean out poultry houses for the manure. Because of high labor costs, they no longer consider that its value as fertilizer justifies the cost of removal. Therefore, the poultry farmer must either remove the litter or hire it done. In many cases, it must be hauled a considerable distance for disposal.

TABLE 2.--Influence of specified factors on income to commercial egg-producing farmers, New Jersey, 1961

Factor	Annual change in income	
	Per layer	Per farm
	Cents	Dollars
1-cent-per-dozen change in egg prices.....	16.17	30
1-cent-per-pound change in fowl prices.....	4.5	73
1-cent-per-cwt. change in laying mash.....	.89	40
1-egg change in rate of lay.....	[1] 2.57	116

[1] Adjusted for feed consumption.

TABLE 3.--Cash receipts, expenditures, and net income per layer, commercial egg-producing farms, New Jersey, 1957-61

Item	1957	1958	1959	1960	1961[1]
	Dollars	Dollars	Dollars	Dollars	Dollars
Total cash receipts.....	6.51	6.66	5.54	6.47	6.07
Total cash expenditures...	6.38	6.32	6.06	5.66	5.42
Net cash farm income.....	.13	.34	-.52	.81	.65

[1] Preliminary.

Growth Through Agricultural Progress